

APPENDIX NO. 7

FUNCTIONS OF PARTICIPANTS IN THE INTERNAL CONTROL SYSTEM OF ROSSETI KUBAN, PJSC (HEREINAFTER REFERRED TO AS THE ICS)

Sl. No	ICS participants	Key functions within the ICS
1	Auditing Commission	<ul style="list-style-type: none"> Exercises control over financial and economic activities of the Company; based on its results, it prepares proposals/recommendations for improvement of the ICS carries out independent assessment of accuracy of the data contained in the Company's Annual Report and the annual accounting statements of the Company
2	Board of Directors	<ul style="list-style-type: none"> Determines the principles and approaches to the organisation of the Company's ICS, including approving the Company's internal documents defining the organisation and the strategy for the development and improvement of the ICS, supports the Company's Internal Control Policy Monitors the activities of the executive bodies of the Company in the main (priority) areas Reviews the report of the Management Board on organisation and functioning of the Company's ICS Annually reviews reports of the internal auditor on the efficiency of the ICS Considers the results of the external independent assessment of the efficiency of ICS
3	Audit Committee under the Board of Directors	<ul style="list-style-type: none"> Carries out preliminary consideration before approval by the Board of Directors of the Company's internal documents defining the organisation and strategy for the developments and improvement of the ICS, Internal Control Policy and subsequent changes to them Carries out preliminary consideration (prior to consideration by the Board of Directors) of the results of assessment of the ICS efficiency based on the report of the internal auditor on the ICS efficiency, as well as information on the results of the external independent assessment of the ICS; it also prepares proposals / recommendations for improvement of the ICS Monitors the ICS regarding consideration of issues related to control over the accuracy of the Company's accounting (financial) statements, over selection of an external auditor and conducting an external audit, over ensuring compliance with regulatory legal requirements regarding consideration of the report of the Management Board on the organisation and functioning of the ICS, and also regarding consideration of issues related to the analysis and assessment of implementation of the Internal Control Policy

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4	Other Committees under the Board of Directors: Personnel and Remuneration Committee Reliability Committee Strategy, Development, Investment and Reform Committee Grid Connection Committee	<ul style="list-style-type: none"> Monitor the implementation of the financial and operational targets, supervise the compliance with applicable laws, rules and procedures prescribed by local regulations, as well as the accuracy and timeliness of reporting generated by the Company, within the purview of competencies established by the Board of Directors
5	Executive bodies: Management Board, General Director	<ul style="list-style-type: none"> Ensure creation and effective functioning of the ICS Are in charge of implementing the Board of Directors' decisions within the ICS's framework
5.1	Management Board of the Company	<ul style="list-style-type: none"> Establishes the direction and plans for development and improvement of the ICS Prepares the Company's financial and operating performance reports, ICS performance reports Reviews the results of the external independent assessment of the ICS efficiency and creates strategies to advance and enhance the ICS
5.2	General Director of the Company	<ul style="list-style-type: none"> Approves the regulatory and methodological documents of the Company on the organisation and functioning of the ICS, except for the documents which approval falls within the competences of the Company's Board of Directors Ensures execution of the Company's business plans necessary for achieving its targets Supervises accounting and management reporting, preparation of accounting (financial) and other statements Submits the business performance reports and ICS performance reports for the consideration of the Board of Directors
6	Collective working bodies; the most important ones among them:	<ul style="list-style-type: none"> Perform, within their remit, control procedures and/or develop recommendations for improving control procedures and certain components (elements) of internal control and the ICS:
6.1	Commission for Settlement of Accounts Receivable of the Company	<ul style="list-style-type: none"> Evaluates the reasonableness and prospects for settling disputes pertaining to financial settlements between the Company and counterparties Evaluates the efficiency of measures aimed to reduce accounts receivable, including for electricity transmission services rendered Reviews accounts receivable management issues submitted by the structural divisions of the Company to the Commission for consideration Determines the stance of the Company towards the management of accounts receivable
6.2	Performance Assessment Commission for Contractors Involved in the Construction, Retrofitting and Reconstruction of the Company	<ul style="list-style-type: none"> Identifies issues in a counterparty's production activities that could lead to risks of the counterparty not fulfilling (or performing improperly) its contractual commitments to the Company Provides a comprehensive job performance assessment of counterparties in the context of the production direction in capital construction Creates a list of legitimate contractors who are performing their duties as required by contracts for the construction, retrofitting and reconstruction of Power Grid Complex facilities
6.3	Power Supply Consolidation Commission of the Company	<ul style="list-style-type: none"> Determines the engineering and economic feasibility of acquiring power facilities, while taking into account all submitted documents Determines the position towards the submitted project on power facilities acquisition feasibility (non-feasibility) Settles a power facility acquisition transaction Effects a contract on the acquisition of facilities and organises registration of facilities
6.4	Commission on Corporate Ethics Compliance and Conflict of Interest Resolution	<ul style="list-style-type: none"> Resolves pre-conflict situations arising in the Company's structural divisions, information about which is sent by the Anti-Corruption Compliance Procedure Unit for consideration at Commission meetings Resolves conflicts of interest involving the staff of the Company Examines the details of any violations of the Company's corporate code of ethics and standards of business conduct Enforces the requirements of Article 13.3 of Federal Law No. 273-FZ dated 25 December 2008 'On Anti-Corruption'

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7	Heads of the Company's units and structural divisions	<ul style="list-style-type: none"> Develop, document, introduce, monitor and improve the internal control system across the functional fields of the Company, the responsibility for the organisation and coordination/ fulfilment of which is assigned to them by the Company's regulatory documents/ regulations on structural divisions, including: Make sure internal control principles are put into practice Establish effective processes (areas of business), including development and introduction of new control procedures or the modification of existing ones, while taking the identified risks into consideration Ensure regulation of supervised processes (areas of business) Enforce control procedures Assess (monitor) execution of control procedures Determine whether there is a need to optimise the supervised processes (areas of business) in order to increase efficiency and adapt to the changing external and internal environment, and coordinate the creation of suggestions for enhancing the control procedures Make certain that any identified flaws in the control procedures and processes (areas of business) are corrected
8	Employees of the Company's structural divisions, doing control procedures as part of their job responsibilities	<ul style="list-style-type: none"> Perform the control procedures Promptly inform their line managers about cases when the control procedures are rendered impossible for any reason and/or the design of the control procedures is required to be modified due to a change in the Company's internal and/or external business environment Submit proposals to their line management for the introduction of control procedures in relevant areas of business
2nd line of defence		
9	Internal Control and Risk Management Directorate	<ul style="list-style-type: none"> Develops and ensures the implementation of basic and methodological documents on the creation and improvement of the ICS Assists management in establishing the business process ICS, in making recommendations on the description and introduction of the control procedures in processes (areas of business) and assigning responsibility to officials Prepares an ICS status report for stakeholders Interacts with government regulatory authorities on the internal control matters
10	Specialised control divisions:	
10.1	Economic Security Directorate of the Security Department	<ul style="list-style-type: none"> Prevents unfair competition Conducts official investigations into harm (harm patterns) to interests of the Company's economic security Makes arrangements against theft of electricity, financial and material resources, intellectual property, as well as prevents other crimes against the Company's property Conducts independent audits and participates in joint inspections of the financial and economic divisions of the Company to prepare its own opinion on violations and build an evidential base to protect the Company's legitimate interests
10.2	Anti-Corruption Compliance Procedure Unit of the Security Department	<ul style="list-style-type: none"> Creates and coordinates the deployment of a centralised system for corporate and anti-corruption compliance procedures inside the Company Organises the Company's corporate and anti-corruption compliance procedures

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10.3	Legal Department	<ul style="list-style-type: none"> Supervises the Company's compliance with legal requirements through due diligence process and approval of draft contracts and agreements, draft organisational and administrative documents, draft proxy notice relating to representation of the Company's interests to third parties, draft statements, letters, complaints sent on behalf of the Company to the legislative and executive authorities, courts of law, enforcement agencies as prescribed by the organisational and administrative documents of the Company Monitors and informs the Company's management on the adopted regulatory legal acts of the Russian Federation, which significantly affect the Company's activities, in order to minimise the risks of non-compliance with law requirements
10.4	Corporate Provision Office	<ul style="list-style-type: none"> Controls resolutions of the Management Board, Board of Directors and its Committees Makes sure the Company offers information transparency to its shareholders and potential investors
10.5	Office of the Administration Department	<ul style="list-style-type: none"> Provides a single documentation management system to control performance discipline in the Executive Office and branches of the Company Follow-up action on executive documents, instructions of the General Director, minutes of meetings, respective reports of Deputy General Directors
3rd line of defence		
11	Internal Control Directorate	<ul style="list-style-type: none"> Makes recommendations after considering the internal audit results to improve control procedures, individual internal control components (elements) and the ICS Carries out internal independent ICS performance evaluation and formulates recommendations on how to enhance ICS efficiency and effectiveness